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Message Text

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ACTION INT-05

INFO OCT-01 ARA-06 EA-07 IO-11 ISO-00 L-03 FRB-03 OMB-01

ITC-01 SP-02 USIA-06 AGR-05 AID-05 CIAE-00 COME-00

EB-07 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04

TRSE-00 CIEP-01 CEA-01 GSA-01 AF-06 EUR-12 NEA-10 H-02

SS-15 NSC-05 /134 W
---------- 031655
R 061520Z MAR 76
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC 9912
INFO AMEMBASSY BRASILIA
AMCONSUL RIO DE JANIERO
USMISSION GENEVA
USLO PEKING

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FOR INTERIOR DEPT: PLEASE PASS BUREAU OF MINES, USGS

E.O. 11652: N/A
TAGS: EMIN, BL
SUBJECT: INTERVIEW WITH CHARLES ITURRALDE: UNCTAD, TIN,
TUNGSTEN, ANTIMONY

SUMMARY: FOLLOWING IS INFORMATION OBTAINED IN AN INTERVIEW BY MINATT WITH CHARLIE ITURRALDE, A PROMINENT BOLIVIAN PRIVATE MINER WHO RECENTLY RETURNED TO BOLIVIA AFTER A SIX-WEEK TRIP ABROAD WHERE HE PRESIDED AS PRESIDENT OVER A MEETING OF THE PRIMARY TUNGSTEN PRODUCERS ASSOCIATION IN GENEVA, ATTENDED THE UNCTAD WORKING GROUP MEETING ON TUNGSTEN HEADED BY ANOTHER BOLIVIAN, CARLOS ALBERTO ECHAZU (WHO DIED SEVERAL DAYS AFTER THE MEETING IN NEW YORK, AND ATTENDED THE MANILA "GROUP OF 77" MEETING PREPARATORY TO THE UNCTAD NAIROBI MEETING. FINALLY, HE TRAVELED TO COMMUNIST CHINA
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FOR DISCUSSIONS REGARDING TIN, TUNGSTEN AND

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ANTIMONY. THE CHINESE INDICATED SOME FORM OF INFORMAL COOPERATION ON ALL THREE METALS. END SUMMARY.

1. TUNGSTEN, ITURRALDE SAID THAT VERY DETAILED DISCUSSIONS WERE HELD AT THE TUNGSTEN WORKING GROUP. A NUMBER OF POINTS EMERGED FROM THE MEETING. FIRST, A BASIC PRODUCT WAS AGREED UPON-- TUNGSTEN TRIOXIDE 65 PERCENT WO3. THIS WOULD BE A MIXTURE OF SCHEELITE AND WOLFRAMITE. SECOND, MAXIMUM AND MINIMUM PRICES WERE DISCUSSED; AND THIRD, IT WAS AGREED THAT THE COMMITTEE WOULD ASK THE UNCTAD SECRETARIAT TO PREPARE A REPORT ON TUNGSTEN AND A DRAFT INTERNATIONAL AGREEMENT. THESE WOULD BE DISTRIBUTED TO ALL MEMBERS (PRODUCERS AND CONSUMERS). THE MEETING OF THE PRIMARY TUNGSTEN PRODUCERS ASSOCIATION APPARENTLY SPENT MOST OF ITS TIME PREPARING RECOMMENDATIONS FOR THE UNCTAD WORKING COMMITTEE. EVEN THOUGH THE COMMUNIST CHINESE WERE ONLY OBSERVERS AT PTPA, THEY ENGAGED IN DETAILED DISCUSSIONS ON ALL ISSUES.

2. TIN. ITURRALDE DISCUSSED CHINESE PARTICIPATION IN THE INTERNATIONAL TIN AGREEMENT (ITA) IN A VERY FRANK MANNER WITH OFFICIALS OF COMTRADE AND OTHER OFFICIALS IN THE MINISTRY OF TRADE. APPARENTLY THE CHINESE ARE STUDYING A DRAFT OF THE 5TH ITA, WHICH HAS BEEN TRANSCRIBED INTO CHINESE, AND HAVE NOT YET MADE A DECISION WHETHER OR NOT TO JOIN. REPORTEDLY IT APPEARS THAT THEY ARE SOMEWHAT RELUCTANT. IN ANY CASE, ITURRALDE WAS TOLD THAT QUANTITITES OF CHINESE TIN EXPORTS IN 1976 WOULD BE BELOW THOSE OF 1975, OR MORE CLOSELY APPROMIMATING THOSE OF PREVIOUS YEARS (1971 - 6,450 MT; 1973 - 8,500 MT; 1974 - 8,900 MT). ITURRALDE SAID THAT HE AND CERTAIN GOB OFFICIALS WERE HAVING SECOND THOUGHTS ABOUT SIGNING THE 5TH ITA. MAJOR PROBLEMS ARE VOLUNTARY CONTRIBUTIONS BY CONSUMER COUNTRIES TO BHE BUFFER STOCK AND THE PROPOSED VOTING PROCEDURE. APPARENTLY VOTING ON LIMITED OFFICIAL USE

MOST ISSUES REQUIRES TWO-THIRDS AGREEMENT BY CONSUMERS AND TWO-THIRDS AGREEMENT OF PRODUCERS TO GAIN APPROVAL OF MOST QUESTIONS. THIS GIVES MALAYSIA IN EFFECT A VETO AND COMES CLOSE TO GIVING THE U.S. ONE. MINATT EXPLAINED TO ITURRALDE AND LATER TO HUGO URIONA THAT SIGNING OF ITA WAS SIGNIFICANT STEP FOR USG AND ALTHOUGH CONGRESSIONAL APPROVAL IS ANTICIPATED WE WOULD NOT WANT TO

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COMPLICATE ITS ALREADY DIFFICULT ACCEPTANCE BY ASKING FOR A CONTRIBUTION TO BUFFER STOCK. HOWEVER, A VOLUNTARY CONTRIBUTION IN FUTURE YEARS REMAINS AN OPEN QUESTION.

3. ANTIMONY. ALTHOUGH NOT REPORTED IN THE PRESS, ITURRALDE SPOKE TO THE CHINESE ABOUT ANTIMONY. THE GOB WOULD LIKE TO BEGIN FORMATION OF A PRODUCERS ASSOCIATION. ITURRALDE DID NOT ELABORATE ON THE CHINESE POSITION BUT INDICATED INFORMAL COOPERATION COULD BE EXPECTED. APPARENTLY PRC IS ABOUT TO BEGIN ON A NEW FIVE-YEAR PLAN AND DOMESTIC CONSUMPTION OF ANTIMONY, AS WELL AS TIN IS EXPECTED TO INCREASE, THUS RESULTING IN A DECREASE IN CHINESE EXPORTS OF BOTH MINERALS. IN FACT, THE CHINESE MAY EXPORT LITTLE OR NO ANTIMONY IN 1976.

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4. UNCTAD. ITURRALDE LAMENTED ATTACKS ON U.S. AND NATURE OF POLITICAL SPEECHES AT MANILA MEETING. HE FELT LATIN AMERICAN DELEGATIONS WERE MORE SERIOUS AND MODERATE. HOWEVER, HE RECOGNIZED NEED FOR GOB TO PARTICIPATE DUE TO INTERNATIONAL POLITICAL PRESSURES. HE SAID HE WOULD RECOMMEND TO GOB THAT IT GIVE UP ITS ROLE AS COORDINATOR OF GROUP OF 77 AT UNCTAD MEETING IN NAIROBI. DIFFICULTY FOR BOLIVIA TO ADEQUATELY STAFF SUCH AN EFFORT IS REASON GIVEN. IF GOB ACCEPTS THIS RECOMMENDATION THEN ROLE OF COORDINATOR WILL PASS TO BRAZIL. HE SAID HE WOULD PREFER NOT TO ATTEND NAIROBI MEETING.

5. COMMENT: PRC ACTIVE PARTICIPATION
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IN MEETINGS OF THE PTPA SEEM TO INDICATE GREATER PRC PRIORITY ON INTERNATIONAL COOPERATION IN TUNGSTEN THAN ON ANY OTHER METAL. PERHAPS THIS IS DUE TO THEIR DOMINANT POSITION (WORLD'S LARGEST RESERVES) IN TUNGSTEN. PRC OFFICIALS SAID ITTURALDE COULD SAY PUBLICLY THAT PRC SALES OF TIN IN 196 WOULD BE LESS THAN IN 1975 OR ABOUT LEVEL OF PREVIOUS YEARS. THEY ALSO CLAIMED, WITHOUT PROVIIDING FIGURES, THAT WESTERN TRADE PRUBLICATIONS HAD EXAGGERATED PRC TIN EXPORTS (15 TO 18,000 MT). ITTURALDE WAS NOT GIVEN THE INFORMATION THAT METALS WEEK PUBLISHED TO THE EFFECT THAT PRC WOULD NOT EXPORT ANY TIN IN FIRST HALF OF 1976. PRC OFFICIALS INFORMED ITURRALDE THAT CHINA WOULD EXPORT LESS ANTIMONY IN 1976, AND THAT, ONLY IN FORM OF METAL. DECREASED EXPORTS ARE AT LEAST PARTLY DUE TO INCREASED INTERNAL CONSUMPTION IN AUTOMOTIVE AND LIGHT INDUSTRIES. PRC OFFICIALS INDICATED A WILLINGNESS TO CONTINUE INFORMAL COOPERATION ON ANTIMONY PRICE STABILIZATION. PRC OFFICIALS, HOWEVER, EXPRESSED UNWILLINGNESS TO JOIN ORGANIZATION INCLUDING SOUTH AFRICA (LEADING WORLD ANTIMONY PRODUCER). THEREFORE, IT APPEARS BOLIVIA WILL HAVE TO BE INTERMEDIARY BETWEEN TWO PRODUCERS TO ACHIEVE COOPERATION ON ANTIMONY PRICE STABILIZATION. THERE HAS BEEN TALK IN LA PAZ OF PRC REQUEST FOR PERMISSION TO OPEN COMMERCIAL MISSION IN BOLIVIA. NO MENTION WAS MADE OF ANY REQUEST ALONG THESE LINES EITHER BY ITURRALDE OR BY HUGO URIONA (DIRECTOR BANCO

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MINERO) WHO ACCOMPANIED HIM TO CHINA. IT
APPEARS UNLIKELY THAT GOB WOULD BE WILLING TO
TAKE THIS STEP NOW. ONLY STRONG PRC PRESSURE
AND A SIGNIFICANT QUID PRO QUO WOULD APPEAR
LIKELY TO CHANGE THAT POSITION IN NEAR FUTURE.
END COMMENT.

6. ACTION REQUESTED: IT EMBASSY'S UNDERSTANDING THAT U.S.
POLICY ON MINERAL PRICE STABILIZATION AGREEMENTS, AS OUTLINED
BY SECRETARY KISSINGER, IS THAT USG WILL CONSIDER EACH ONE ON
A CASE BY CASE BASIS TO SEE IF IT HAS MERIT FOR INTERESTS OF
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CONSUMERS AND PRODUCERS. EMBASSY WOULD APPRECIATE SUMMARY
OF CURRENT WASHINGTON ATTITUDES REGARDING PRODUCER EFFORTS
THROUGH UNCTAD TO FORM AN INTERNATIONAL TUNGSTEN AGREEMENT.
STEDMAN

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